



Testimony of Catherine Teare, Policy Director, Children Now

**before the California Performance Review Commission
Health and Human Services Advocates Panel**

August 20, 2004

Children Now is a nonpartisan research and action organization dedicated to assuring that children grow up in economically secure families, where children are supported by quality health coverage, a positive media environment, good early education, and safe, enriching activities to do after school.

Our comments on Medi-Cal and other health recommendations were developed as part of our work with *The 100% Campaign: Health Insurance for Every California Child*, a collaborative effort of Children Now, the Children's Defense Fund and The Children's Partnership. The *100% Campaign* has submitted separate comments on these and other recommendations.

While we have submitted written comment on a number of additional areas within the HHS section, our comments today focus primarily in two areas: subsidized child care and eligibility processing.

Child Care

HHS04: Simplify California's Subsidized Child Care System to Deliver Better Service to Families

Recommendation A: Merge CalWORKs Stages 1 and 2 and place CalWORKs administration under county welfare departments; transition families that no longer receive cash aid into a "single set-aside" in CDE's voucher program for low-income families. – *Oppose*

- While we believe that the existing split between CDE and DSS in the administration of subsidized child care dollars should be addressed, this recommendation serves to perpetuate a fragmented system in which families still receiving cash aid are served by one department while those who no longer receive cash aid are served by another. We

do not support moving the administration of child care programs for families on cash aid to County Welfare Departments.

- Although vague, the proposal appears to effectively eliminate CalWORKs Stage 3 child care (by failing to provide guaranteed funding for Stage 3 families). Stage 3 is a critical support for many families who have successfully transitioned off of cash assistance and into the workforce but need additional help on their path toward self sufficiency.

Recommendation B: Urge families to join waiting lists when they begin participation in CalWORKs, but they would not be eligible to move out of set-aside funding until they had been off cash aid for two years. – *Oppose*

- Because this recommendation does not include funding increases to absorb the increase in the number of families that would be joining the waiting list, it would be ineffective, as the current status of waiting lists is that they are years long and families rarely move off of them due to underfunding of general child care. This proposal does nothing to ameliorate the real problem.
- The proposal to change waiting list priority to “first come first served” (after child protective services cases) for families with incomes up to 50 percent of the State Median Income (SMI) does not address the fact that, even within this low-income bracket, the poorest of those may indeed be in greatest need. Through a focus on families below 50 percent of the SMI, the proposal also appears to effectively reduce eligibility from a ceiling of 75 percent of the SMI to 50 percent of the SMI.

Recommendation C: Eliminate the Latchkey program; reduce the number of CDE contracts by consolidating federal/state contract programs into single contracts; converting the wraparound preschool program into a general child care and development program. – *Oppose*

- Subsidized after school programs – the After School Education and Safety and 21st Century Community Learning Centers – do not exist in most schools. The Latchkey program is an important support for families with school-age children who need safe, secure supervision in the before- and after-school hours. Elimination of the Latchkey program without a guarantee of funding for other options for the families who use these programs could mean several thousand children without after-school services.

HHS07: Increase Subsidized Child Care Quality

Recommendation A: Reduce the reimbursement rate for license-exempt child care to 50 percent of the relevant family child care home regional market rate ceiling (from the current 90 percent). -- *Oppose*

- We share concern about high turnover and variability in quality among license-exempt providers. However, we believe that a reduction to the reimbursement rate must not be made until and unless there has been an assessment of impact on families who use license-exempt care most, including those that who work irregular hours, do not speak English as their primary language, and have children with disabilities in need of specialized care.

Recommendation B: Require health and safety training for license-exempt providers within the first three months of providing subsidized care; eliminate the current self-certification process. – *Oppose*

- Required health and certification training for license-exempt providers within the first three months is a positive recommendation, which may result in strong provider skills in this area. However, administering such training would be far more costly than the current self-certification process, if it were to reach all communities that need it.

Recommendation C: Increase levels of child care quality for licensed providers and tie them to increases in reimbursement rates. – *Support with concerns*

- Tiered reimbursement (tying reimbursement rates to specified levels of quality) has had positive results in a number of other states, for providers, parents and early care and education systems as a whole. However, establishing tiered reimbursement in California should only happen if current reimbursement rates (upon which providers rely) are not lowered (cuts to reimbursement rates were part of the FY '04-'05 budget proposal).

ETV11: Change Enrollment Entry Date for Kindergarteners to Enhance Their Success

Recommendation: Change the kindergarten enrollment cutoff date in state law from December 2 to September 1. -- *Oppose*

- We are concerned with the delay of early educational experiences for children who would be affected by the change in cut-off date. While we agree with much of the research that concludes many children are not prepared for school by the time they enter kindergarten, we do not think delaying kindergarten for some is an appropriate or acceptable solution.
- The proposed change would mean that about 25 percent of children expecting to enroll in kindergarten would not. Those impacted children who do not have access to a quality child development programs would be hurt. As First 5 California states, “The vast majority of children who

would otherwise be entering kindergarten would not go anywhere for an additional year, which would only increase the school readiness gap.”ⁱ

- In addition, delaying the kindergarten entry date would create additional preschool needs for parents and guardians whose children would otherwise be entering kindergarten. The issue thus becomes one of access and cost for preschool, both of which are currently significant barriers for many low- and moderate-income families in California.

HHS 10: Align State Law Regarding the \$50 Child Support Disregard Payments

Recommendation: The Governor should work with the Legislature to repeal the requirement for the payment of the \$50 disregard payment to TANF recipients. -- *Oppose*

- Current law pays the first \$50 of child support collections to families on cash assistance. Recent research has found that child support disregards do increase participation in the child support program by non-custodial parents. We see no reason to repeal this requirement.

Health Care

HHS-01: Transform Eligibility Processing

This section calls for sweeping change in the processing of eligibility for Medi-Cal, CalWORKS and Food Stamps using the Healthy Families model. We see both serious pitfalls and some real opportunities in some of the ideas presented under this recommendation, but would caution the Commission that streamlining and the development of efficiencies should not be used as a means of cutting eligibility or benefit levels for these programs. We agree that the first questions to be asked with regard to any of these recommendations are whether the proposed changes improve access to services, delivery of services and outcomes and urge the Commissioners to consider carefully which of these recommendations do, in fact, lead toward these goals.

We do identify among the many recommendations in this section several that we believe hold promise, if implemented with those goals in mind. In particular, we believe that families could benefit from *coordination in the enrollment processing* of such programs, such as being developed in local One-e-App pilots. One stop shopping offers an efficient approach for families to receive multiple services they are eligible for at one time.

Recommendation A: The Governor should work with the Legislature to centralize and consolidate eligibility processing for Medi-Cal, CalWORKs, and Food Stamps at the state level and to follow the model of California’s Healthy Families program utilizing a public-private partnership. -- *Oppose*

Recommendation B: The state should adopt a self-certification process for the asset test for applicants other than the aged, blind, and disabled. -- *Support*

- The CPR correctly identifies documentation of assets as complicated and time-consuming and recommends self-certification of the assets requirement. We support this recommendation.
- We would extend similar consideration to the requirement to document income. It is similarly administratively burdensome, so much so that it is one of the major barriers to Medi-Cal enrollment for eligible children. Experience in other states has demonstrated that “self certifying” income greatly simplifies enrollment and increases productivity of the eligibility workforce, while maintaining quality control.ⁱⁱ California could save more than \$6 million in General Fund by adopting paperless income verification for families. Elimination of paper documentation also paves the way for expansion of internet-based application technologies, maximizing their potential efficacy.
- Finally, we suggest making children above age 1 with family incomes below 133% of FPL eligible for Medi-Cal. Instead of having a step-wise income eligibility dependent on age, this would greatly simplify families’ experiences of the program and create further administrative efficiency. Simplifying the eligibility rules for Medi-Cal for Children and Healthy Families would make enrollment (and continuous coverage) easier for families, providers and administrators.

Recommendation C: The State of California should have a public awareness program component for the transition to an Internet-based eligibility system.

- Our concern here is less with the proposed public awareness than with the Internet-based eligibility system itself. When coupled with simplified enrollment rules, electronic systems hold great promise for improving accuracy and efficiency. An electronic enrollment system should supplement but not replace in-person assistance, since many families with limited technology access or capacity will need that direct contact.
- Thinking more broadly about how such technology could be leveraged to improve families’ health insurance enrollment, we recommend the following: *First*, the state could build upon lessons learned from Health-e-App and the CHDP Gateway to create a more aligned electronic enrollment system for health coverage with multiple “enrollment doors,” including schools, WIC, child care, counties and hospitals. *Second*, this system could build upon the express enrollment model – providing children with immediate coverage based on screened eligibility information while a final determination is processed. *Third*, modernizing eligibility processes would allow California’s insurance programs to maximize the potential of enrollment technology. The system would couple paperless income verification and express enrollment with the electronic mechanisms of

the One-e-App and Gateway systems. As a result, families would be able to electronically enroll their children from various sites and receive an immediate eligibility screen, file clearance, and express enrollment. All newborns could leave the hospital with coverage, and eligible children entering school could easily enroll in health insurance on site.

Recommendation D: The state should pay a one-time application assistance fee of \$50 for all four programs to certified application assistants which will enhance community-based assistance with the application process. – *Support*

- Elimination of the CAA fees has taken a tremendous toll on children's enrollment. Without the enrollment fees, fewer CAAs are available in local communities to assist families in completing applications. MRMIB reports significant increases in the percentage of incomplete Healthy Families/Medi-Cal applications being submitted to the state's Single Point of Entry. As a result, processing applications now requires additional follow up by the administrative vendor, greatly diminishing the efficiency of processing. Reinstating enrollment fees is a wise choice for consumer services and for efficiency of application processing.

HHS28: Improve Integrity in Medi-Cal Through the Use of Smart Cards – *Oppose*

We oppose using Smart Cards to combat Medi-Cal fraud, in the belief that more effective, less invasive, and less costly methods are available to meet the same goals.

ⁱ Misty Pedilla, AB 810 Analysis, (Sacramento, CA: Assembly Committee on Education, April 30, 2003).

ⁱⁱ L. Cox, *Allowing Families to Self-Report Income: A Promising Strategy for Simplifying Enrollment in Children's Health Coverage Programs* (Washington, DC: Center on Budget and Policy Priorities, December 2001).